

**CORPORATE INTEGRITY AGREEMENT
LEVINDALE HEBREW GERIATRIC CENTER AND HOSPITAL, INC.**

I. Preamble

A. This Corporate Integrity Agreement ("CIA") is agreed to by and among Levindale Hebrew Geriatric Center and Hospital, Inc. ("Levindale"), Sinai Health System, Inc. ("Sinai"), and the Office of Inspector General of the United States Department of Health and Human Services ("OIG").

B. All of the persons and entities listed above shall be referred to collectively herein as the "Parties."

C. This CIA is a part of and is incorporated by reference into the Settlement Agreement executed by the Parties this same date.

D. Levindale agrees to pursue the courses of action set forth in this CIA to ensure that Levindale and its directors, officers, managers, supervisors, and employees ("personnel"), and any third parties who provide medical or management services under contract with Levindale fully and accurately comply with Medicare and Medicaid laws, regulations, and program requirements with regard to Levindale. Sinai agrees to monitor Levindale to ensure that it complies with these obligations.

II. Terms and Conditions

A. Length of CIA

This CIA and the obligations assumed by Levindale pursuant to the CIA will take effect on the last date listed among the signature lines at the end of the CIA. It will remain in effect for five years thereafter.

B. Written Policies and Procedures

1. Within 90 days of the execution of this CIA, Levindale shall review and, if appropriate, revise its written policies and procedures, including the policies and procedures governing the submission of claims to the Medicare and Medicaid programs, and those governing standards of conduct for Levindale personnel. Among other things, these policies and procedures shall be designed to assure that all claims submitted to Medicare and Medicaid for Levindale are accurate and correctly identify the services rendered.

2. These written policies shall be adopted by the Board of Directors and distributed to all appropriate personnel and independent contractors affected by them.

3. Levindale shall post in prominent places accessible to all personnel a notice detailing Levindale's commitment to comply with all applicable Medicare and Medicaid laws, regulations, rules, guidelines, policies, and procedures in the conduct of Levindale's business. A copy of the policies and notice will be available upon request for review by OIG.

C. Training

1. Within 90 days of the execution of this CIA, Levindale shall institute and maintain a training and education program designed to ensure that each of its officers, directors, and other personnel are aware of all applicable health care laws, including Medicare and Medicaid laws and regulations and the standards of business conduct that such individuals are expected to follow. This training and education program shall provide for not less than two hours annually of training for each employee with responsibilities relating to billing and/or third-party reimbursement matters. A schedule and topic outline of the training shall be included in the annual report submitted to OIG pursuant to this CIA. Among other things, this training and education program will cover:

- a. Applicable provisions of this CIA;
- b. Levindale's confidential disclosure policy and procedures with respect to reporting suspected fraud and abuse;
- c. Levindale's policies regarding disciplinary actions for personnel who fail to abide by applicable laws, standards of business conduct, and the requirements of this CIA.

2. Within 90 days of the execution of this CIA, Levindale shall also implement a supplemental training program for all personnel involved in preparing or submitting Medicare or Medicaid bills for Levindale. This supplemental training program shall provide for not less than two hours annually of training for each person. Among other things, this supplemental training program shall cover the following topics:

- a. The proper billing standards and procedures for the submission of accurate bills for services rendered and/or items provided to Medicare and Medicaid;
- b. All applicable statutes, regulations, and guidelines related to Medicare and Medicaid billing, reimbursement, and fraud and abuse;
- c. The personal obligation of each individual involved in the billing process to ensure that such billings are accurate;
- d. The legal sanctions for improper billings; and

e. Levindale's policies regarding disciplinary actions for employees who fail to abide by the proper billing standards and procedures.

3. All training required by this CIA shall be mandatory.

D. Independent Audits

1. Levindale will retain an independent review organization, such as an accounting firm or consulting firm, to perform annual audits of Levindale. The independent review organization will have expertise in Medicare and Medicaid billing requirements. The purpose of these audits is to help ensure Levindale's compliance with Levindale's written policies and procedures, the CIA, and all applicable laws.

2. The audits shall include:

a. An analysis of Levindale's claims to Medicare and Medicaid to determine whether inaccurate billings are corrected as soon as Levindale discovers them;

b. An assessment of Levindale's internal controls over its billing procedures to determine whether it is working effectively;

c. An assessment of whether Levindale's operations regarding Levindale conform with its policies and procedures, as prescribed by this CIA, and are working effectively to prevent false billings to Medicare and Medicaid.

d. An analysis of the accuracy of Levindale's billings and documentation for charges relating to room and board and ancillary charges such as supplies.

3. The auditors will report their findings promptly to Levindale, and Levindale will promptly take any necessary corrective actions identified during such audits, including remitting any overpayments to the appropriate payor within two weeks of being notified of the identification and verification of such overpayments. To the extent that the audits identify deficiencies in billing accuracy or internal controls, Levindale will correct those deficiencies promptly.

4. The first such audit will be completed one year from the date of execution of this CIA and the Settlement Agreement.

5. Within 30 days of completion of each annual audit, Levindale will send OIG a written report by the independent auditor detailing its findings and recommendations for corrective actions. The auditor's report will specify the auditing methods used, such as the Generally Accepted Accounting Principles, and include the basis for any statistically valid sampling.

E. Self-Disclosure of Probable Violations

During the term of this CIA, Levindale will report to OIG any reliable evidence of actions that Levindale, after promptly considering such evidence with outside consultants, believes constitute a probable material violation of 42 U.S.C. §§ 1320a-7, 1320a-7a and 1320a-7b, 31 U.S.C. § 3729, et. seq. and 31 U.S.C. § 3729 et seq. ("Applicable Laws"). When such disclosure is required by the CIA, Levindale shall make the required disclosure as soon as practicable, but, in no event, later than thirty calendar days after becoming aware of the existence of the probable material violation. The evidence to be disclosed under this paragraph will include evidence relating to conduct by any Levindale personnel and any person or entity with a financial interest in Levindale's business, and it will include evidence disclosed to Levindale from any source. No disclosures of any type required by this Agreement nor anything else in this Agreement shall constitute or be construed as a waiver by Levindale of its attorney-client or other applicable privileges. Subject to HHS's Freedom of Information Act ("FOIA") procedures, set forth in 45 C.F.R. Part 5, the OIG shall make a reasonable effort to notify Levindale prior to any release by OIG of information submitted by Levindale pursuant to its obligations under this Agreement and identified upon submission by Levindale as trade secrets and commercial or financial information and privileged or confidential under the FOIA rules. Levindale shall refrain from identifying any information as trade secrets and commercial or financial information and privileged or confidential that does not meet the criteria for exemption from disclosure under FOIA. Levindale will certify to OIG that all disclosures made under this paragraph have been fully investigated and that appropriate actions have been taken to ensure that Levindale is in compliance with the Applicable Laws. Nothing in this paragraph waives OIG's right to enforce any and all laws and regulations governing any federally-funded health care program, subject to the release provisions of the Settlement Agreement signed this same date.

F. Reporting

1. Beginning twelve (12) months after the execution date of this CIA, Levindale will annually provide OIG with a written report specifying the actions it has taken in the preceding twelve (12) months to comply with the requirements of the CIA. Such report shall be due thirty (30) days after the expiration of such twelve (12) month period. Included within each Annual Report will be the following:

- a. A certification by Levindale that it has developed the written policies and procedures required by the CIA, that it has implemented all training programs required by the CIA, and that it has adequately corrected all deficiencies found either pursuant to the independent audit review, through Levindale's own internal procedures, or through any other

means. If any deficiencies exist for which no corrective action was taken, the report shall include an explanation of the decision to take no corrective action.

- b. A summary of communications received from the Confidential Disclosure Program established pursuant to section II.H. of the CIA and the results of any investigations performed as a result of any disclosures.
- c. A statement about any ongoing investigation or legal proceeding conducted or brought by a governmental entity involving an allegation that Sinai and/or Levindale have committed a crime or have engaged in fraudulent activities related to Levindale. The statement shall include a description of the allegation, the identity of the investigating or prosecuting agency, and the status of such investigation or legal proceeding.
- d. The names of Levindale's Compliance Committee members.
- e. A description of the Training Program implemented pursuant to section II.C. of this CIA and a summary of the activities performed in furtherance of this program, including a schedule and topic outline of the training sessions. Please do not submit copies of the training materials unless requested by OIG.
- f. A report of the aggregate amount of overpayments that have been returned to the Medicare program that were discovered as direct or indirect result of the compliance program established pursuant to this CIA. The report should include a detailed description of how the overpayments were calculated.
- g. A resolution (or its equivalent) from Levindale's Board of Directors certifying that they have reviewed the Annual Report.
- h. A summary of the self-disclosures made pursuant to Section II.E.
- i. A listing of each personnel action taken pursuant to Section II.I., and the reasons for such action.

2. The reports, certifications, disclosures, and any other documents that the CIA requires Levindale to submit to OIG shall be sent to:

Civil Recoveries Branch - Compliance Unit
Office of Counsel to the Inspector General
Office of Inspector General
U.S. Department of Health and Human Services
Cohen Building, Room 5527
330 Independence Avenue, S.W.
Washington, D.C. 20201
(202) 619-2078

3. Any notifications, correspondence, and other contacts with Sinai and Levindale shall be submitted to the following:

Joel Suldan, Esquire
Sinai Hospital of Baltimore
c/o Administration
2401 West Belvedere Avenue
Baltimore, Maryland 21215
(410) 601-9670

G. Corporate Compliance Officer

A corporate employee, appointed by Levindale's Board of Directors, shall be designated as the Compliance Officer and shall chair a compliance committee that shall be responsible for implementation of the CIA. The members of the Compliance Committee shall include (but not be limited to) the Compliance Officer with responsibility for compliance operations and reporting requirements, the Chief Operating Officer of Levindale, and an outside director, who shall be appointed by the Chief Operating Officer. The Compliance Officer shall submit reports annually (or more frequently, if circumstances require) to the Board of Directors and to OIG. Levindale shall notify OIG of the name, address and telephone number of the Compliance Officer. The Compliance Officer will be the point of contact should any representative of OIG have any questions or concerns regarding Levindale's compliance with the provisions of the CIA.

H. Confidential Disclosure Program

Levindale shall establish a confidential disclosure program enabling all personnel to disclose any Medicare or Medicaid billing practices or procedures deemed by the personnel to be inappropriate, to an identified individual not in that person's direct chain of command. The confidential disclosure program shall allow for personnel to make such disclosures anonymously. Levindale shall require the internal review of any such disclosure and ensure that proper follow-up is conducted. Levindale shall include in their annual report to OIG a summary of communications concerning potentially inappropriate Medicare or Medicaid billings under the confidential disclosure program, and the results of any internal review and follow-up of such disclosures.

I. Dealing with Excluded or Convicted Persons or Entities

1. Levindale shall implement a written internal operating policy stating that Levindale shall not knowingly employ, with or without pay, an individual or entity that is listed by a federal agency as excluded, debarred, suspended or otherwise ineligible for federal programs. In order to carry out the policy, Levindale shall make reasonable inquiry into the status of any potential employee or consultant. Such reasonable inquiry shall include, at a minimum, review of the OIG Cumulative Sanctions Report and the General Services Administration List of Parties Excluded from Federal Procurement and Non-Procurement Programs.

2. Levindale is not required to terminate the employment of individuals who become suspended or are proposed for exclusion or debarment during their employment. Levindale, however, will remove such personnel from involvement with Levindale's Medicare or Medicaid billing and reimbursement functions until the resolution of such suspension or proposed debarment. In addition, if any of Levindale's personnel are charged with a criminal offense relating to its Medicare or Medicaid business, Levindale will remove that personnel immediately from involvement with Levindale's Medicare or Medicaid billing and reimbursement functions. If the personnel is convicted, he or she will be terminated from employment with Levindale. As part of its annual report to OIG, Levindale shall notify OIG of each such personnel action taken and the reasons therefore.

3. Levindale shall not allow, or cause to be allowed, any person convicted in any local, state or federal court of any felony involving health care matters to hold the position of officer or director of Sinai or Levindale or any of their subsidiaries.

J. OIG Inspection, Audit and Review Rights

In addition to any other right that OIG may have by statute, regulation, contract or pursuant to this CIA, OIG or its duly authorized representative(s) may examine Levindale's books, records, and other company documents and supporting materials for the purpose of verifying and evaluating: (a) Levindale's compliance with the terms of this CIA; (b) Levindale's business conduct in its dealings with the United States Government, or any agencies or agents thereof; and (c) Levindale's compliance with the billing and reimbursement requirements of the Medicare and Medicaid programs and other federally-funded health care programs with respect to Levindale. Levindale shall make the documentation described above available to the OIG at all reasonable times for inspection, audit or reproduction. Furthermore, for purposes of this provision, OIG or its authorized representative(s) may interview any of Levindale's personnel who consent to be interviewed at the person's place of business during normal business hours or at such other place and time as may be mutually agreed upon between the employee and OIG. Employees may elect to be interviewed with or without a representative of Levindale present.

If OIG determines that it is necessary to conduct an independent audit or review to determine whether or the extent to which Levindale is complying with its obligations under this CIA, Levindale agrees to pay for the reasonable cost of any such audit or review.

K. Document and Record Retention

Levindale shall maintain for inspection all documents and records relating to its Medicare and Medicaid billing and reimbursements with respect to Levindale, including the charge slips upon which such claims are based, for a period of six years following the execution of this CIA.

L. Breach and Default Provisions

Levindale's compliance with the terms and conditions of this CIA shall constitute an element of Levindale's present responsibility with regard to participation in federal health care programs. Compliance by Levindale shall be expected throughout the duration of this CIA with respect to all of the obligations herein agreed to by Levindale. As stated below in section II.N of this CIA, any and all modifications to this CIA (including changes to dates on which an obligation is due to be met) shall be requested in writing and agreed to by OIG in writing prior to the date on which the modification is expected to take effect.

1. Stipulated Penalties for Failure to Comply with Certain Obligations

As a contractual remedy, the parties agree that failure to comply with the following obligations set forth in this CIA may lead to the imposition of the following monetary penalties (hereinafter referred to as "stipulated penalties") accordingly:

- a. A stipulated penalty of \$2,500 for each day Levindale fails to demonstrate to the OIG's reasonable satisfaction, in its Annual Report, that it has complied with this CIA by having fully in force all of the following:
 - (1) the Corporate Integrity Program adopted pursuant to section II of this CIA;
 - (2) the Corporate Compliance Committee and the Compliance Officer, discharging their respective duties, as required under section II.G. of this CIA;
 - (3) the Education and Information Program required under section II.C. of this CIA;

(4) the Confidential Disclosure Program required under section II.H. of this CIA.

- b. A stipulated penalty of \$2,500 for each day Levindale fails to grant access to the information or documentation necessary to exercise the OIG's inspection, audit and review rights set forth in section II.J. of this CIA.
- c. A stipulated penalty of \$1,500 for each day Levindale employs an individual after that individual has been listed by a federal agency as excluded, debarred, suspended or otherwise ineligible for participation in the Medicare, Medicaid or any other federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)). This stipulated penalty shall not be demanded if Levindale can show it has made a reasonable inquiry as to the status of the current or potential employee or consultant engaged, as described in section II.I. of this CIA.
- d. A stipulated penalty of \$1,000 for each day Levindale fails to materially comply with any other requirement in this CIA, which is not covered by provisions 1 and 2 of section II.L. of this CIA.

2. Payment of Stipulated Penalties

Upon finding that Levindale has failed to materially comply with any of the above-enumerated obligations, OIG shall notify Levindale by certified mail of: (i) Levindale's failure to comply; and (ii) OIG's exercise of its contractual right to demand payment of the stipulated penalties payable under this Agreement (this notification is hereinafter referred to as the "Demand Letter"). The applicable stipulated penalties shall begin to accrue on the date the OIG determines the breach occurred, which date shall be indicated in the Demand Letter.

Within ten (10) days of receipt of the Demand Letter, Levindale shall either: (i) cure the breach to the OIG's satisfaction and pay the applicable stipulated penalties; or (ii) request a hearing before an HHS administrative law judge to dispute the OIG's determination of noncompliance, pursuant to the agreed upon provisions set forth in section II.L.4. of this CIA.

Payment of the stipulated penalties shall be made by certified or cashier's check, payable to "Secretary of the Department of Health and Human Services," and submitted to OCIG at the address set forth in section II.F.3. of this CIA.

3. Remedies for Material Breach of this Agreement

As a contractual remedy, the parties agree that if Levindale engages in conduct that OIG considers to be a material breach of this CIA, OIG may seek exclusion of Levindale from participation in the Medicare, Medicaid and any other federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)). Upon making its determination, OIG shall notify Levindale of the alleged material breach by certified mail and of its intent to exclude as a result thereof (this letter shall be referred to hereinafter as the "Intent to Exclude Letter"). Levindale shall have thirty-five (35) days from the date of the letter to proceed as follows:

- a. Cure the alleged material breach; or
- b. Demonstrate to the OIG's satisfaction that:
(i) Levindale is in full compliance with this CIA; or
(ii) the material breach cannot be cured within the thirty-five (35) day period, but that Levindale has begun to take action to cure the material breach, that Levindale will pursue such action with due diligence, and that Levindale will give the OIG a timetable for curing the material breach.

If at the conclusion of the thirty-five(35)day period (or other specific period as subsequently agreed by OIG and Levindale), Levindale fails to cure the material breach to OIG's satisfaction or otherwise fails to demonstrate either one of the requirements in provision b above, Levindale agrees to its immediate exclusion from participation in the Medicare, Medicaid and any other federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)). The exclusion shall have national effect and will also apply to all other federal procurement and non-procurement programs.

For purposes of this section, a "material breach" shall mean: (i) a failure to report a material billing violation, take corrective action and pay the appropriate refunds, as provided in section II.D. of this CIA; or (ii) repeated or flagrant violations of the obligations under this Agreement, including, but not limited to, the obligations addressed in section II.L.1. of this CIA.

In connection with the OIG's determination to exclude Levindale pursuant to this provision, Levindale shall have the right to dispute the OIG's determination in accordance with the agreed upon provisions set forth in section II.L.4. of this CIA.

4. Dispute Resolution

Upon OIG's delivery to Levindale of its Demand Letter or of its Intent to Exclude Letter, and as an agreed upon contractual remedy for the resolution of disputes arising under the obligation of this Agreement, Levindale shall be afforded review rights comparable to the ones that are provided in 42 U.S.C. § 1320a-7(f) and 42 C.F.R. § 1005 as if they applied to the stipulated penalties or exclusion sought pursuant to this Agreement, except that with respect to stipulated penalties pursuant to Section II.L.1, Levindale agrees that it does not have the right to appeal to the Departmental Appeals Board or to federal court. Specifically, the OIG's determination to demand payment of stipulated penalties or to seek exclusion shall be subject to review by an HHS administrative law judge in a manner consistent with the provisions in 42 C.F.R. §§ 1005.2-1005.21.

Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issue in a proceeding for stipulated penalties under this section shall be: (1) whether Levindale was in full and timely compliance with the obligations in this Agreement for which OIG demands payment; (ii) whether Levindale failed to cure; and (iii) the period of noncompliance. Levindale shall have the burden of proving that it was in full and timely compliance and the steps taken to effect the cure, if any. The OIG shall have the burden of proving Levindale's failure to cure. For purposes of paying stipulated penalties under this Agreement, and if Levindale chooses to seek review in lieu of curing the breach and paying the stipulated penalties, as set forth above, the administrative law judge's decision shall give rise to Levindale's obligation to pay. Thus, payment will be due twenty (20) days from the day the administrative law judge's decision is mailed.

Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issues in a proceeding for exclusion based on a breach of this Agreement shall be: (i) whether Levindale was in material breach of one or more of its obligations under this Agreement; and (ii) whether such breach was continuing on the date of the Intent to Exclude Letter. For purposes of the exclusion herein agreed to in the event of breach of this Agreement, the administrative law judge's decision shall be deemed to make the exclusion effective, at which time the OIG may proceed with its exclusion of Levindale, if the administrative law judge finds in favor of the OIG.

All notices required under any of the aforementioned proceedings shall be given to the OIG in accordance with section II of this Agreement.

M. Cooperation

An obligation under the terms of this CIA shall be Levindale's good faith cooperation with any civil, criminal or administrative investigations or proceedings related to its status as a provider of federally-funded health care programs. A material failure to cooperate shall be treated as a breach of the terms of this CIA.

N. Modification

Any modification to this CIA must be made in writing and signed by all the Parties to the CIA.

O. Integration Clause

This CIA and the Settlement Agreement entered into by the Parties embody the entire agreement and understanding of the Parties with respect to the subject matter contained herein. There are no restrictions, promises, representations, warranties, covenants, or undertakings other than those expressly set forth or referred to in this CIA and the Settlement Agreement.

P. Role of Sinai


Sinai agrees to monitor Levindale to ensure that Levindale complies with its obligations under this CIA.

IN WITNESS WHEREOF, the parties hereto affix their signatures.

FOR THE U.S. DEPARTMENT OF HEALTH
AND HUMAN SERVICES:

Date: _____


6/4/98



Lewis Morris
Assistant Inspector General
for Legal Affairs
Office of Counsel to Inspector
General Department of Health
and Human Services

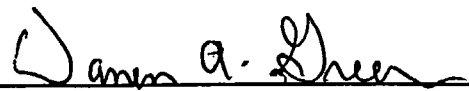
FOR LEVINDALE HEBREW GERIATRIC
CENTER AND HOSPITAL, INC.:

Date: 6/2/98


Title: President and CEO / Acting

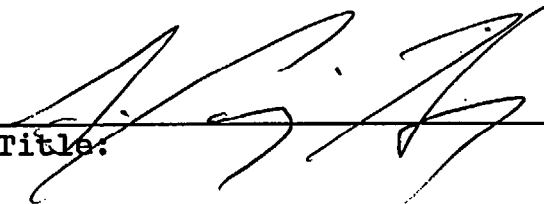
FOR SINAI HEALTH SYSTEM, INC.:

Date: 6/2/98


Title: President and CEO

COUNSEL FOR LEVINDALE HEBREW
GERIATRIC CENTER AND HOSPITAL, INC.
AND SINAI HEALTH SYSTEM, INC.:

Date: 5/29/98


Title: _____